

# **Exhibit B**

John Cervione

HIGHLY CONFIDENTIAL  
Florham, New Jersey

August 9, 2005

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1 UNITED STATES DISTRICT COURT  
 2 DISTRICT OF MASSACHUSETTS  
 3 MDL NO. 1456  
 4 CIVIL ACTION NO. 01-CV-12257-PBS

5 - - - - - X

6 In Re: PHARMACEUTICAL :  
 7 INDUSTRY AVERAGE WHOLESALE DEPOSITION OF:  
 8 PRICE LITIGATION :  
 9 \_\_\_\_\_ X JOHN CERVIONE  
 10 :

11 THIS DOCUMENT RELATES TO:

12 ALL CLASS ACTIONS :

13 - - - - - X

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15 TRANSCRIPT of testimony as taken by  
 16 and before SEVA FLICSTEIN, Certified Shorthand  
 17 Reporter, Registered Merit Reporter, Certified  
 18 Realtime Reporter, a Notary Public of the State of  
 19 New Jersey, at the offices of Veritext, 25B  
 20 Vreeland Road, Suite 301, Florham Park, New Jersey,  
 21 on Tuesday, August 9, 2005, commencing at 9:08 in  
 22 the afternoon.

1 Q. Other than that policy are there any  
2 policies at Aventis relating to WAC at all, either  
3 how you tell people about it or how you determine  
4 it?

5 MR. MUEHLBERGER: Object to the form.

6 A. No. Other than what we've discussed  
7 already, no.

8 Q. Are there any guidelines that the  
9 Pricing Board would follow in deciding whether or  
10 not to approve a certain WAC increase?

11 MR. MUEHLBERGER: Object to the form.

12 A. Yes.

13 Q. What are those guidelines? Written  
14 guidelines I'm talking about now.

15 A. Written guidelines.

16 Q. Or policies.

17 MR. MUEHLBERGER: Object to form.

18 A. I am not aware of any written  
19 guidelines or policies.

20 Q. Tell me the unwritten guidelines or  
21 policies you are aware of that the Pricing Board  
22 follows.

1           A.     The unwritten policies or guidelines  
2     that the Pricing Board follow would be to ensure  
3     that, number one, Aventis stayed within the CPI  
4     index for overall weighted averages of our price  
5     increase.

6                     And in addition to that, Jerry Belle,  
7     our president, also had what we referred to as the  
8     Jerry Belle CPI, which was a more conservative  
9     measure, and Jerry's sensitivity about the  
10    frequency and the percent increase in prices across  
11    our entire portfolio over the course of a year.

12           Q.     Were there occasions when you had  
13    price increases above the CPI?

14           A.     For an individual product, yes.

15           Q.     You said your goal was to keep it  
16    within some kind of weighted average of your  
17    products?

18           A.     Yes.

19           Q.     Would that be a weighted average by  
20    product or a weighted average of the whole  
21    portfolio?

22           A.     A weighted average of the entire

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1 portfolio.

2 Q. So one product could go up above the  
3 CPI, but as long as the whole portfolio didn't, you  
4 felt you were within whatever your policy was?

5 A. Correct.

6 Q. Other than that CPI policy were there  
7 any other guidelines or policies that the Pricing  
8 Board adhered to?

9 MR. MUEHLBERGER: Objection.

10 A. The only other guideline was that we  
11 would not -- again, per Jerry Belle's direction, we  
12 would not take price increases above -- in double  
13 digit ranges, they would stay below 10 percent.

14 Q. Any others that you are aware of, any  
15 other policies or procedures or guidelines?

16 A. No.

17 Q. Let's take a look at the page you  
18 have in front of you, the announcement of ceasing  
19 to report AWP.

20 The second paragraph, first sentence,  
21 "The term 'AWP' has never been defined by federal  
22 or state regulation."

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1 which you would provide chargebacks?

2 A. Correct.

3 Q. Can you explain to me what a  
4 chargeback is?

5 A. A chargeback is the difference  
6 between WAC and a contracted price that a  
7 wholesaler would sell to one of their customers.  
8 And Aventis would reimburse the wholesaler for that  
9 difference.

10 Q. Meaning if the customer had a  
11 contract to buy the product at a price below WAC,  
12 the wholesaler would charge that customer the price  
13 in the contract, and then Aventis would pay the  
14 wholesaler back the difference?

15 A. That is correct.

16 Q. So the chargeback is paying back the  
17 wholesaler for a discount you've given to some  
18 customer; is that right?

19 A. Contracted customer, yes.

20 Q. And other than discounts, rebates and  
21 chargebacks, what other terms or distribution  
22 arrangements did you have that would reduce actual

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1 are two of four or five criteria that they needed  
2 to qualify before being opened up as a direct  
3 account.

4 Q. For direct accounts, would you offer  
5 discounts on your products to direct accounts?

6 A. The only discounts were cash terms.

7 Q. Meaning pay within 30 or 31 days?

8 A. Correct.

9 Q. Would you ever offer rebates to  
10 direct accounts, to pharmacies. I am talking about  
11 retail chains now.

12 A. No.

13 Q. And I presume there were no  
14 chargebacks in the retail chains?

15 A. There were no chargebacks.

16 Q. With wholesalers you would offer a  
17 cash discount; correct?

18 A. Yes.

19 Q. Would you offer any rebates to  
20 wholesalers?

21 A. Could you define "rebate" in your  
22 definition.